



CITY OF PITTSBURGH  
**OFFICE OF THE MAYOR**  
MAYOR WILLIAM PEDUTO

February 3, 2020

Ms. Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

**Re: Public Comments on Docket No. R-1723 RIN 7100-AF94**

Dear Ms. Misback,

On behalf of the City of Pittsburgh, I write to you today with public comment regarding the advance notice of proposed rulemaking (ANPR) on modernizing the Board's Community Reinvestment Act (CRA) regulatory and supervisory framework. The CRA, passed over forty years ago to combat the practice of redlining by lending institutions, plays an integral role in the financial health of low-income and moderate-income neighborhoods by encouraging banks to invest in the communities they serve. As we grapple with the ramifications of the COVID-19 pandemic, the CRA will be critical in promoting a robust and equitable recovery. The Federal Reserve's approach in the ANPR is a promising step for a new CRA rule but the proposal must be strengthened with increased rigor around performance measures and ratings to ensure the stimulation of lending, investing, and services for underserved communities.

In the ANPR, the emphasis the Federal Reserve places on improving performance measures is encouraging, but we are opposed to the reduction of the number of possible ratings on the subtests from five to four. With close to 90% of banks receiving "Satisfactory" as a final rating, it is critical that meaningful CRA reform increase, rather than reduce, the nuance in the tests to encourage better performance and greater accountability. As the Federal Reserve considers how best to designate underserved areas in addressing racial inequities, we support proposals that designate underserved census tracts based on low levels of lending rather than high levels of poverty, as this more effectively targets neighborhoods affected by redlining. While we are supportive of the Federal Reserve's proposal to collect improved community development and deposit data, we urge that this data be collected at a census tract level, to ensure community lending and investing is targeted at areas of need. We are encouraged by the Federal Reserve's proposal to expand assessment areas on CRA exams, as it is critical to modernization of the statute. While we support the creation of required assessment areas for considerable lending or deposit-taking activity outside of a bank's branches, we oppose the idea of utilizing a national assessment area for internet banks, as local assessments would not only be feasible, but more effective. We also strongly support increased incentivization for financing community development financial institutions (CDFIs) but urge CRA credit for this type of investment to be evaluated through local, rather than national, geographic assessment areas.

The ANPR released by the Federal Reserve is an encouraging foundation but a proposed new CRA rule must be more rigorous to hold banks accountable for meeting their obligations to underserved communities. I appreciate your consideration of my comments. Please contact Ernest Rajakone ([ernest.rajakone@pittsburghpa.gov](mailto:ernest.rajakone@pittsburghpa.gov)) in my Office with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "W Peduto", is written over a light blue circular background.

William Peduto  
Mayor of Pittsburgh